

Banking Monthly Report (March 2025)

Valuation metrics of Saudi Banks

Bank	P/E*	P/B	Div. Yield*
Al Rajhi	17.0x	4.0x	3.3%
SNB	9.4x	1.2x	6.0%
Riyad	9.3x	1.5x	5.7%
Alinma	11.6x	2.2x	3.8%
BJAZ	12.6x	1.3x	1.5%
Al Bilad	14.3x	2.6x	2.1%
BSF	9.7x	1.1x	6.1%
Arab	8.3x	1.1x	6.2%
SIB	8.9x	1.2x	5.3%
SABB	8.6x	1.2x	6.1%

Source: Bbg, *based on Bbg cons. (12m fwd)

Loans and deposits: Bank lending to the private sector grew 15.0% y/y in March 2025 (+1.9% m/m), higher than last month's growth of 13.8% y/y. Meanwhile, retail real estate loans grew by 12.7% y/y in March (+1.2% m/m). Residential new monthly mortgage disbursements increased by 10.2% y/y to reach SAR8.4bn in March 2025 (-5.7% m/m). At 8.0% y/y (+0.3% m/m), the trend of deposits growing slower than loans continued. With regards to the deposit mix, the share of Time & Savings deposits stood at 38% in March, up from 37% in the previous month. Time and Savings deposits, and Government deposits (30% of total deposits) grew by 27.5% y/y and 2.4% y/y, respectively, while demand deposits were up by 3.9% y/y. LDR came in at 82.7% in March. The sector LDR remains elevated, indicating rising liquidity pressure in the system. Most banks are resorting to capital market instruments to fund their liquidity needs.

Banking sector profits: In March, the profit before tax for the banks increased 27.1% y/y, while it increased by 6.8% m/m, reaching SAR8.8bn. Meanwhile, the 1Q25 profit before tax for the banks stood at SAR25.2bn, up 21.5% y/y. The yield curve remains inverted, with Saudi 3M SAIBOR at ~5.4%, and the 10Y Govt Bond yield at ~4.9%, indicating economic strain.

Economic activity: PoS sales grew 10.3% y/y, while ATM withdrawals increased by 2.5% y/y in March. Saudi Arabia's non-oil private sector PMI declined to 58.1 in March, down from Jan's multi-year peak of 60.5, but still indicates strong growth in non-oil activities. In March, the US Fed kept its rate target at 4.25%-4.50% and maintained its expectation of two rate cuts in 2025. However, their updated economic forecasts point to weaker growth and increased inflation in 2025 due to recent tariffs and retaliations, raising recession concerns. The Fed will likely closely monitor global tariff uncertainties before adjusting its policy. The Bloomberg 2025 rate forecast edged down to 3.95%, from the previous estimate of 4.05%.

Figure 1: Key metrics

Key metrics (SARbn unless specified)	Mar-25	Mar-24	y/y	Feb-25	m/m
Loans					
Claims on Private Sector	2,988	2,599	15.0%	2,933	1.9%
Residential New Mortgages	8.4	7.6	10.2%	8.9	-5.7%
Retail Real Estate Loans*	709	629	12.7%	701	1.2%
Claims on Govt. and Quasi Govt.	830	708	17.2%	821	1.0%
Deposits					
Total Deposits	2,804	2,596	8.0%	2,796	0.3%
Demand Deposits	1,462	1,407	3.9%	1,470	-0.6%
Time and Savings Deposits	1,076	843	27.5%	1,032	4.2%
Government Deposits	838	819	2.4%	861	-2.6%
Other key indicators					
LDR (%)	82.7%	78.5%	423bps	81.7%	102bps
Profit Before Tax	8.8	6.9	27.1%	8.3	6.8%
SAMA Foreign Reserves (US\$bn)	454	455	-0.2%	433	4.9%
Money Supply (M3)	3,056	2,824	8.2%	3,034	0.7%
Rates (%)					
	Spot	2022	2023	YTD^	
SAIBOR 3M	5.4%	3.1%	5.9%	5.4%	
Repo	5.0%	2.5%	5.7%	5.0%	
Reverse Repo	4.5%	2.0%	5.2%	4.5%	
US Fed Data					
	Current	2024	2025	2026	
Bbg cons. benchmark rate expectations	4.50%	4.50%	3.95%	3.45%	
Next Fed meeting	7-May-25				

Source: SAMA, Bloomberg. *Based on our calculations, cumulative number as on latest month, ^Average

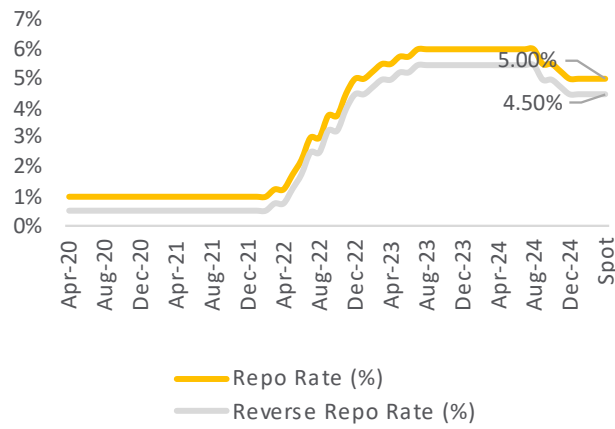
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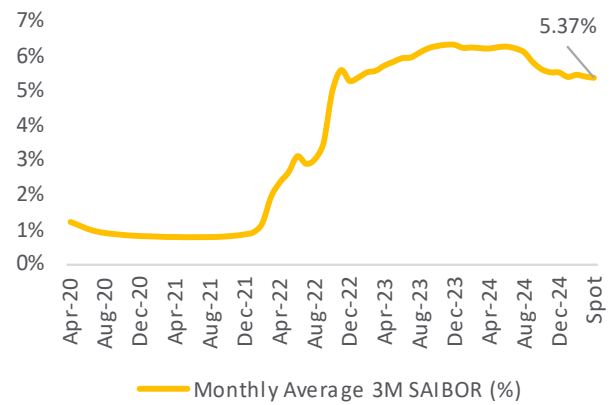
Chart Pack

Figure 2: Policy Rates



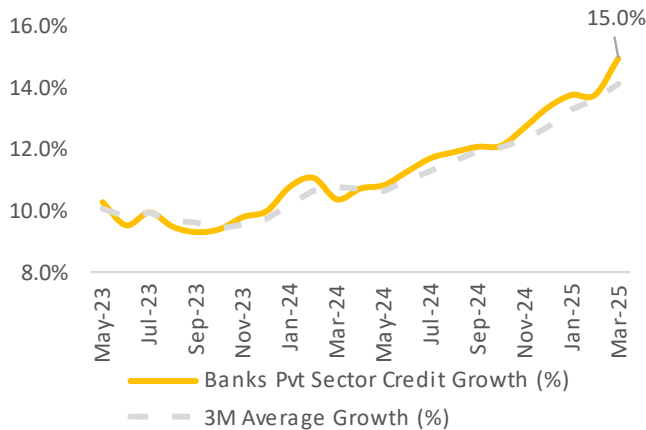
Source: SAMA, GIB Capital

Figure 3: Monthly Average 3M SAIBOR



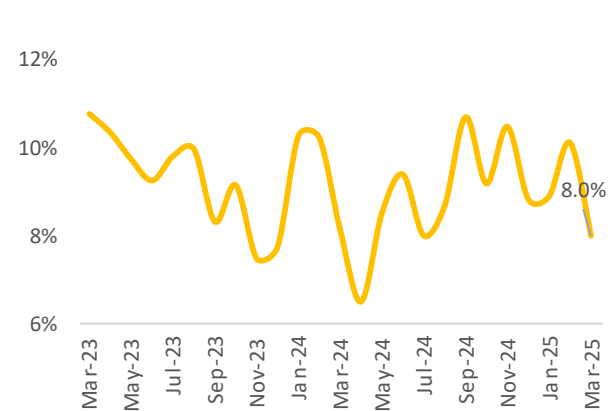
Source: Bloomberg, SAMA, GIB Capital

Figure 4: Banks Private Sector Credit Growth (y/y)



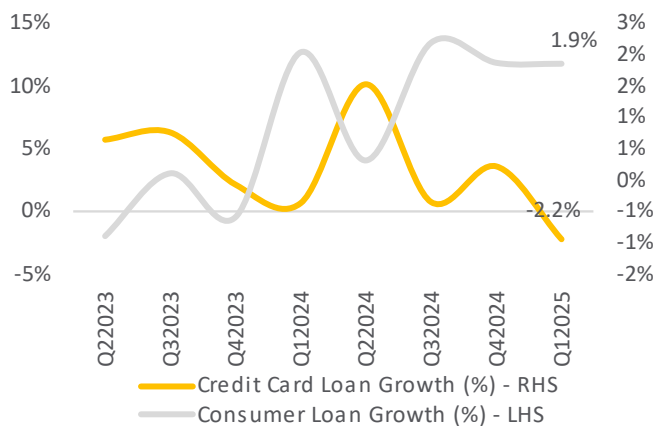
Source: SAMA, GIB Capital

Figure 5: Banks Deposit Growth (y/y)



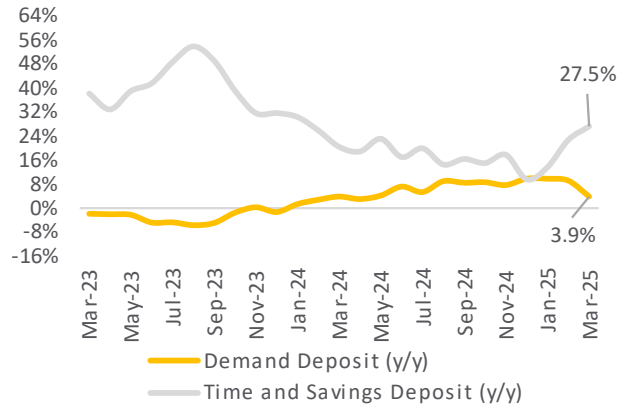
Source: SAMA, GIB Capital

Figure 6: Consumer and Credit Card Loan Growth (q/q)



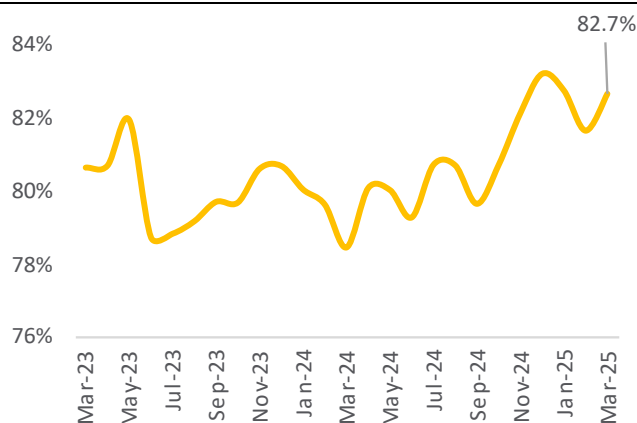
Source: SAMA, GIB Capital

Figure 7: Demand vs. Time and Savings Deposit Growth



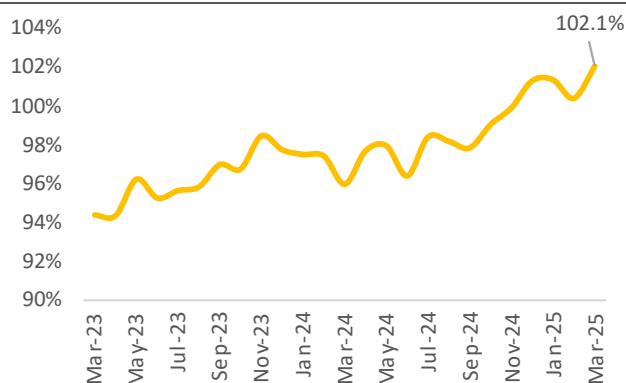
Source: SAMA, GIB Capital

Figure 8: Banks Loans-to-Deposit Ratio



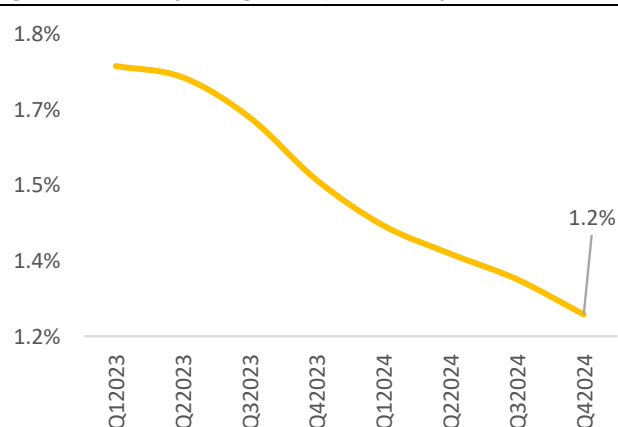
Source: SAMA, GIB Capital

Figure 9: Loans-to-Deposit Ratio



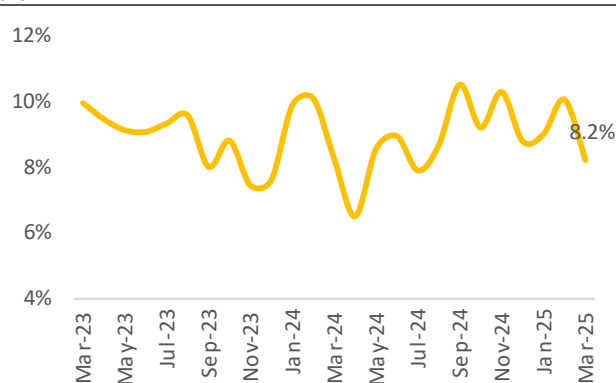
Source: GIB Capital, calculated as reported loans/reported deposits

Figure 10: Non-Performing Loans (NPL) as % of Total Loans



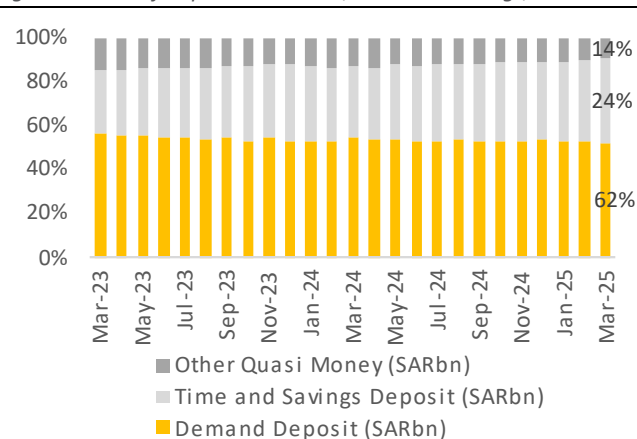
Source: SAMA, GIB Capital

Figure 11: Banking Sector Non-Government Deposits Growth (y/y)



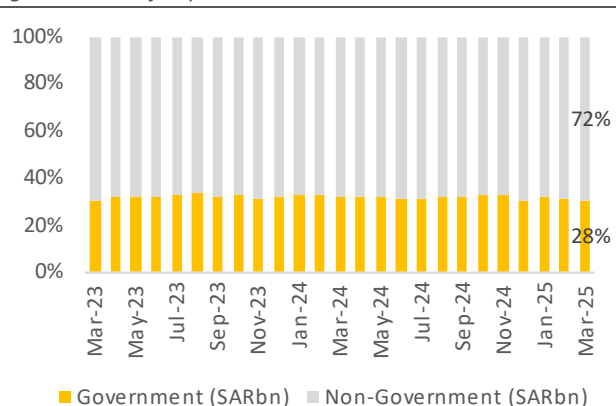
Source: SAMA, GIB Capital

Figure 12: Mix of Deposit – Demand, Time and Savings, and Others



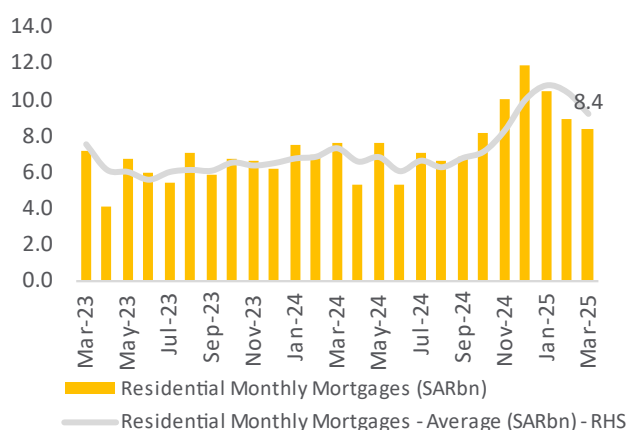
Source: SAMA, GIB Capital

Figure 13: Mix of Deposit – Government and Non-Government



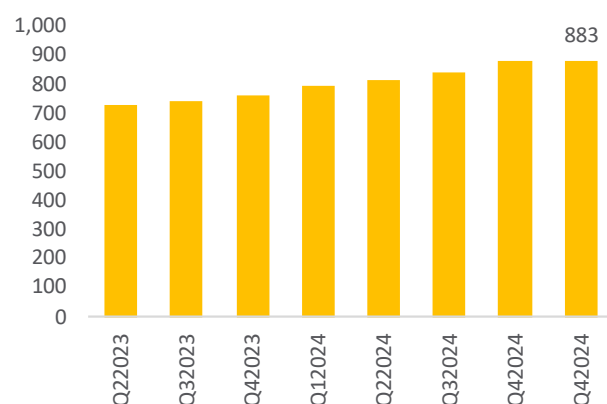
Source: SAMA, GIB Capital

Figure 14: Residential Monthly Mortgages



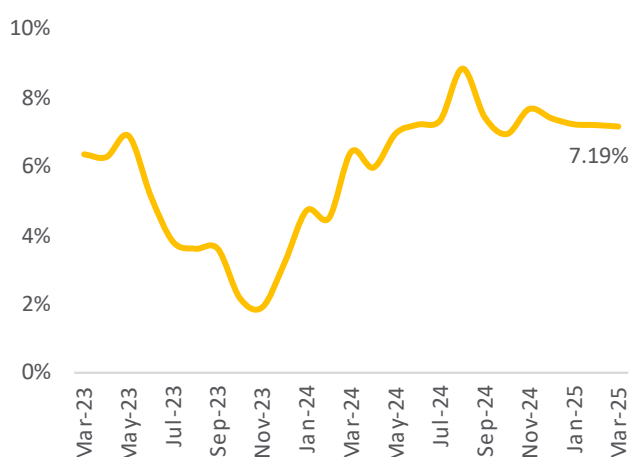
Source: SAMA, GIB Capital

Figure 15: Real Estate Loans by Banks (SARbn)



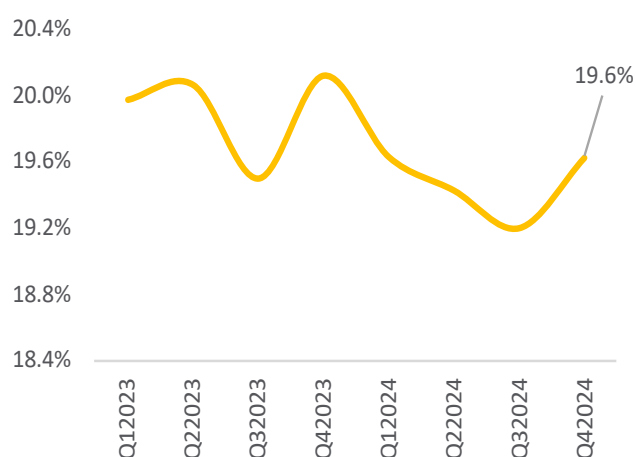
Source: SAMA, GIB Capital

Figure 16: Banking Sector Total Assets Growth (y/y)



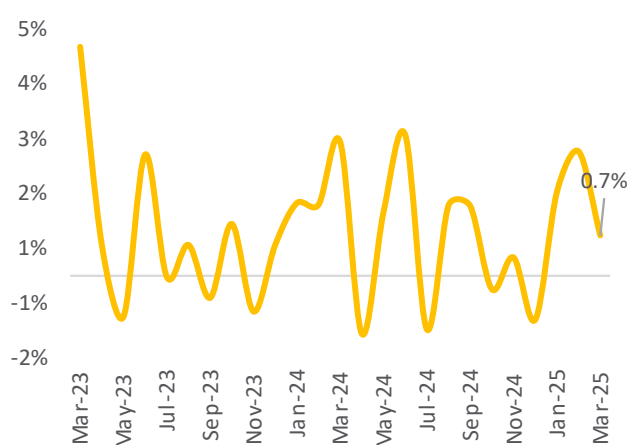
Source: SAMA, GIB Capital

Figure 17: Tier1 Capital-to-Risk Weighted Assets (RWA)



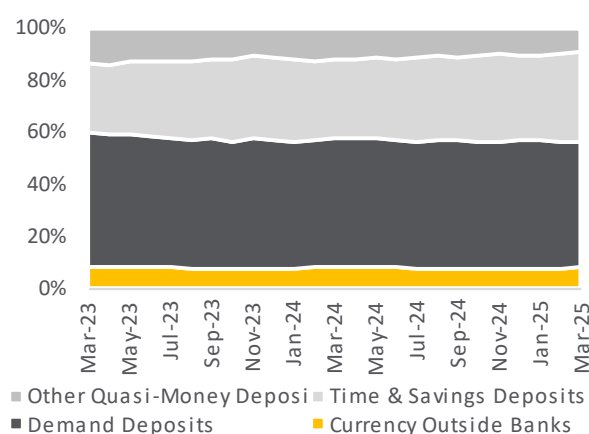
Source: SAMA, GIB Capital

Figure 18: Money Supply (M3) Growth (m/m)



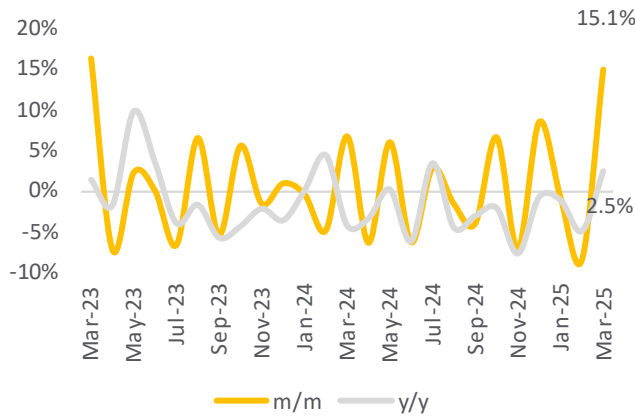
Source: SAMA, GIB Capital

Figure 19: Money Supply (M3) Components



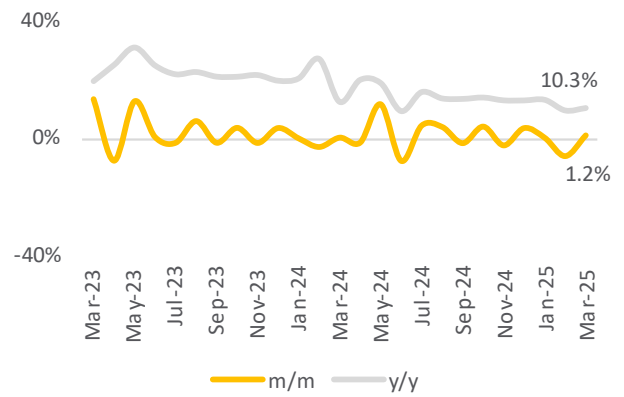
Source: SAMA, GIB Capital

Figure 20: ATM Withdrawals Growth



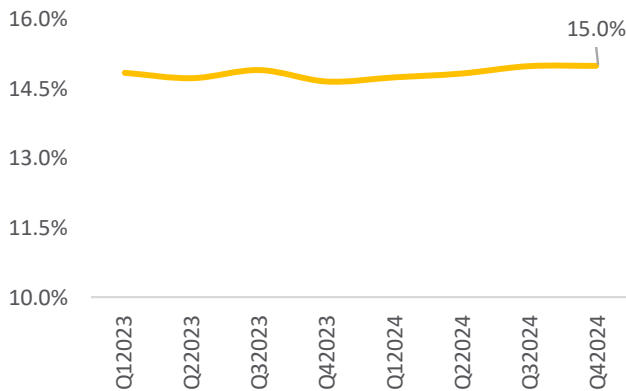
Source: SAMA, GIB Capital

Figure 21: PoS Transactions Growth



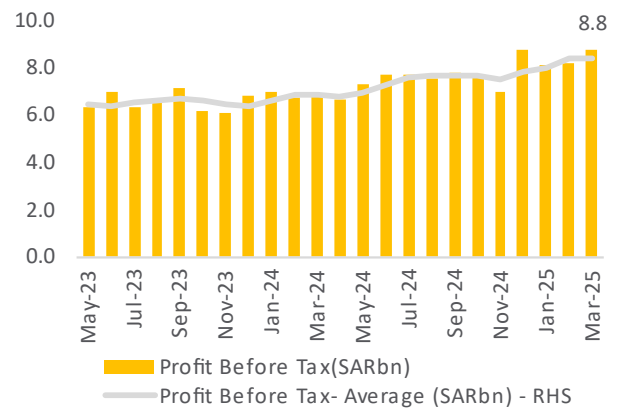
Source: SAMA, GIB Capital

Figure 22: Return on Equity



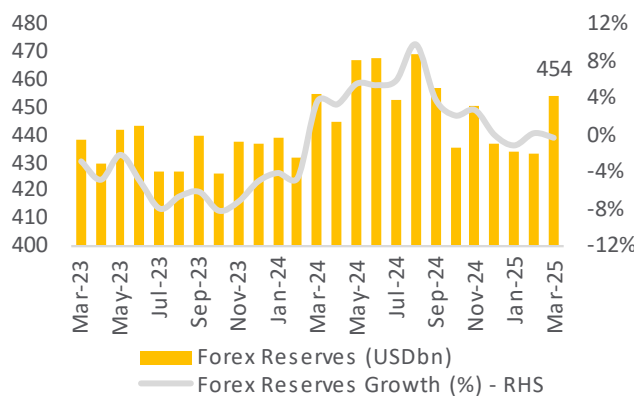
Source: SAMA, GIB Capital

Figure 23: Profit Before Tax



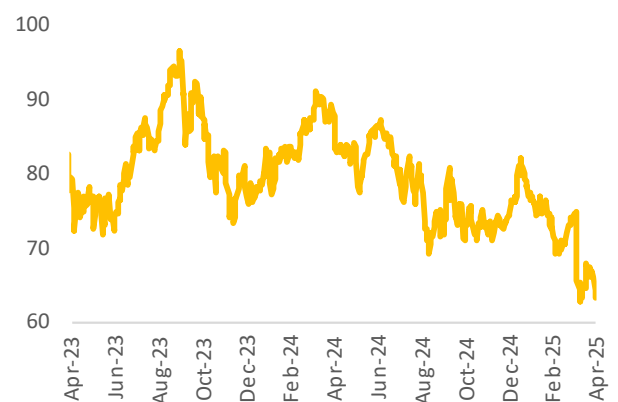
Source: SAMA, GIB Capital

Figure 24: Forex reserves



Source: SAMA, GIB Capital

Figure 25: Oil prices (US\$/bbl)



Source: Bloomberg, GIB Capital

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